

Message Text

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ACTION OES-04

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R 280410Z JAN 75

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DEPT PASS ERDA FOR FRIEDMAN

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SUBJ: DISCUSSION DURING FIRST MEETING OF COMMITTEE ON NUCLEAR
ENERGY OF US-IRAN JOINT COMMISSION

REF: PARIS 1949

1. SUMMARY: THE NUCLEAR ENERGY COMMITTEE MET TO DISCUSS U.S.-
IRAN COOPERATION IN THE FIELDS OF URANIUM ENRICHMENT, NUCLEAR
POWER PLANTS, AND TRAINING AND RESEARCH IN NUCLEAR SCIENCE AND
TECHNOLOGY. NO CONTRACTS OR AGREEMENTS WERE SIGNED, BUT A FIRM
BASE WAS LAID FOR FUTURE COOPERATION. END SUMMARY.

2. THE NUCLEAR ENERGY COMMITTEE OF THE U.S.- IRAN JOINT COMMISSION
MET IN TEHRAN, JAN. 21-22, WITH DR. AKBAR ETEMAD, ASSISTANT TO THE
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PRIME MINISTER AND PRESIDENT OF THE ATOMIC ENERGY ORGANIZATION OF

IRAN (AEOI) HEADING THE IRANIAN DELEGATION AND DR. DIXY LEE RAY, ASSISTANT SECRETARY OF STATE AND DIRECTOR, BUREAU OF OCEANS AND INTER-NATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS (OES) HEADING THE AMERICAN DELEGATION. THE OFFICIAL RECORD OF THE MEETING AND A FULL LIST OF DELEGATES IS GIVEN IN REFTEL. WHAT FOLLOWS IS AMPLIFICATION FOR U.S. RECORDS. IT HAS NOT REPEAT NOT BEEN CLEARED BY DR. RAY.

3. AEOI EXPRESSED CONCERN FOR ASSURED SUPPLY OF FUEL FOR ITS NUCLEAR POWER PROGRAM. IT IS ALARMED AT INCREASING PRICE OF NATURAL URANIUM. USDEL INFORMED AEOI THAT US ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (ERDA) IS NOW ENGAGED IN COMPREHENSIVE EVALUATION OF NATURAL URANIUM SUPPLY. PRELIMINARY CONCLUSION IS THAT US SOURCES ARE INADEQUATE FOR DEMAND, THOUGH NO US RESTRICTION AT PRESENT IS PLACED ON EXPORT OF URANIUM ORE OR NATURAL URANIUM. THIS EXPLAINS US COMMITMENT TO DEVELOPMENT OF BREEDER REACTOR. ALTHOUGH US PROGRAM ON LSBR LESS SPECTACULAR THAN FRENCH, PROCEEDING METHODICALLY ON BASE TECHNOLOGY. USDEL SUGGESTED GOI MIGHT CONSIDER INVESTMENT IN US URANIUM EXPLORATION.

4. AEOI STATED IT HAS NUCLEAR FUEL IT NEEDS UNTIL MID-1984. IT IS CONCERNED ABOUT DEADLINE FOR SUBMISSION OF APPENDICES FOR TWO FIRM URANIUM ENRICHMENT CONTRACTS WITH AEC. USDEL EXPLAINED NEW POLICY UNDER WHICH DELIVERY DATES OF ENRICHED URANIUM MAY BE SLIPPED PROVIDED GOI (1) PAYS INTEREST ON DEFERRED INCOME TO ERDA, (2) SUPPLIES FEED MATERIAL ON TIME, AND (3) NOTIFIES ERDA OF ITS INTENT BY MID-MARCH 1975. USDEL ALSO EXPLAINED THAT FOR PURPOSES OF ENRICHMENT SERVICES PLANNING, SIGNATURE OF OUTSTANDING CONDITIONAL CONTRACTS MUST TAKE PLACE BY MID-MARCH 1975. ERDA URANIUM ENRICHMENT CONTRACTS PURPOSELY MADE QUITE SPECIFIC TO DISCOURAGE SPECULATION IN SCARCE SERVICES.

5. GOI INVESTMENT IN EURODIF NOT ENOUGH TO COVER IRAN'S NEEDS. IN ORDER TO SPREAD RISK AND ASSURE AEOI OF ADEQUATE FUEL, GOI HAS GREAT INTEREST IN PLANT OF URANIUM ENRICHMENT ASSOCIATES (UEA). IT IS CONSIDERING TAKING ABOUT 20 PERCENT OF TOTAL INVESTMENT REQUIRED BUT WANTS ASSURANCES OF ACCESS TO TECHNOLOGY INVOLVED AND FREEDOM TO DISPOSE AS IT SEES FIT WITH ITS SHARE OF OUTPUT. USDEL EXPLAINED ERDA COMMITTED TO POLICY OF ENCOURAGEMENT OF PRIVATE ENTRY INTO URANIUM ENRICHMENT. UEA IS BACKED BY ERDA STOCKPILE AND TECHNICAL LIMITED OFFICIAL USE

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ASSISTANCE, BUT ERDA WILL ALSO REMAIN IN BUSINESS TO ASSURE NEEDS OF INDUSTRY AND NATIONAL DEFENSE. IF ERDA STARTED NEW ENRICHMENT PLANT THIS YEAR, WOULD UNDOUBTEDLY OPT FOR DIFFUSION SINCE TECHNOLOGY MATURE, BUT UNCERTAINTIES CONCERNING ADVANCED TECHNOLOGIES TEND TO DISCOURAGE PRIVATE ENTRY. ERDA IN PROCESS OF DECLASSIFYING MUCH OF DIFFUSION TECHNOLOGY BUT IT WILL REMAIN COMPANY PROPRIETARY INFORMATION. FOREIGN ACCESS TO THIS TECHNOLOGY MUST BE THROUGH STEP BY STEP PROCESS PRECEDED BY FINANCIAL INVESTMENT IN US

PRIVATE PLANT. CONTROL OF PLANT, THOUGH NOT DEFINED BY SPECIFIC PERCENTAGE, MUST REMAIN WITH US INTERESTS. FOREIGN PARTICIPATION LIMITED TO THOSE COUNTRIES WHICH ARE (1) STABLE AND COMMITTED TO WESTERN TECHNOLOGY AND MODE OF DEVELOPMENT, (2) COMMITTED TO NON-PROLIFERATION SAFEGUARDS, AND (3) IN NEED OF TECHNOLOGY. DISPOSAL OF FOREIGN SHARE OF OUTPUT OF US PRIVATE ENRICHMENT PLANT IS SUBJECT ONLY TO THE PROVISIONS OF THE PROPOSED GENERAL AGREEMENT FOR COOPERATION CONCERNING CIVIL USES OF ATOMIC ENERGY. SHOULD IRAN WIND UP WITH EXCESS ENRICHED URANIUM AEOI COULD: (1) SELL ONE OR MORE OF ITS CONTRACTS WITH AEC, (2) SELL THE ENRICHED URANIUM, OR (3) TERMINATE ONE OR MORE CONTRACTS, TAKING THE PENALTY, NONE OF WHICH INVOLVES GREAT LOSSES. AEOI OBSERVED THAT INVESTMENT IN UEA WOULD BE MORE ATTRACTIVE IF THAT COMPANY COULD ASSURE ACCESS TO SUPPLIES OF NATURAL URANIUM, AND USDEL STATED USG ENCOURAGES UAE TO HAVE CONTRACT WITH ORE SOURCES.

6. AEOI DESCRIBED DEVELOPMENT OF ITS NUCLEAR POWER PROGRAM AND STATED IT OPTED FOR PRESSURIZED WATER REACTOR TECHNOLOGY BECAUSE AEOI CONSIDERS IT MATURE AND ALSO BECAUSE THERE ARE MORE VENDORS IN THAT FIELD. (EMBASSY COMMENT: GOI INVESTMENT IN CANADIAN CANDU REACTOR THEREFORE UNLIKELY.)

7. AEOI EXPLAINED THAT FIRST FOUR NUCLEAR POWER PLANTS FOR IRAN WERE AWARDED TO GERMAN AND FRENCH VENDORS BECAUSE THEY AGREED TO IRANIAN REQUIREMENTS INCLUDING: (1) PROVISION OF ALL ASPECTS OF BUILDING AND OPERATING PLANTS IN VIRTUAL WILDERNESS OF SOUTHERN IRAN (SUPER TURNKEY PROJECTS), (2) BACKING OF THEIR GOVERNMENTS TO (A) ASSURE COST OF COMPONENTS COMPARABLE TO COST IN SUPPLYING COUNTRY AND (B) ASSURE SUPPLY OF NATURAL URANIUM. ALSO, GERMAN AND FRENCH VENDORS WERE WILLING TO MAKE EARLY COMMITMENT. USDEL REPLIED THAT ALTHOUGH WE IN US USUALLY MAKE DISTINCTION BETWEEN GOVERNMENT AND PRIVATE SPHERES, IT IS USG POLICY TO ASSIST AMERICAN INDUSTRY ABROAD. GOI SHOULD NOT UNDERESTIMATE EXPERIENCE OF US LIMITED OFFICIAL USE

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COMPANIES THAT DEVELOPED THE COMMERCIAL PRESSURIZED WATER REACTOR. USG GUARANTEE FOR COMPANY OPERATIONS IS FOREIGN TO OUR USAGE, AND WE DO NOT FEEL IT IS NECESSARY FOR ESTABLISHED SUPPLIERS SUCH AS WESTINGHOUSE AND GENERAL ELECTRIC. USG PLACES NO RESTRICTIONS ON THEM IN FORMATION OF CONSORTIUMS WHICH WOULD ALLOW THEM TO RESPOND TO IRANIAN REQUIREMENTS.

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8. AEOI COMMENTED THAT IT NOW NOT IN RUSH TO PLACE ORDERS FOR LATER NUCLEAR POWER PLANTS AND MIGHT CONSIDER DEVELOPMENT USING SERVICES OF NUCLEAR CONSULTANT AND ARCHITECT/ENGINEER RATHER THAN TAXING REACTOR SUPPLIER WITH RESPONSIBILITY FOR ENTIRE PROJECTS. IT IS GOI POLICY TO DEVELOP SOUTHERN PART OF IRAN, AND WATER IS VITAL ELEMENT MISSING. THEREFORE, IN FUTURE CONTRACTS QEOI INTERESTED IN DUAL PURPOSE PLANTS PRODUCING ELECTRICITY AND SWEET WATER BUT MAXIMIZING LATTER. AEOI HOPES AMERICAN VENDORS WILL ACCEPT THIS AS CHALLENGE AND WILL UNDERTAKE FINANCIAL RISK INVOLVED IN DEVELOPING IMPROVED DESALTING TECHNOLOGY. AEOI FEELS THERE IS POTENTIAL WORLD-WIDE MARKET, NOT JUST IN IRAN. USDEL OFFERED TO ASSIST AEOI IN ASSESSING CURRENT STATUS AND PROSPECTS FOR IMPROVED DESALTING TECHNOLOGY BY ORGANIZING AT OAK RIDGE NATIONAL LABORATORY A SEMINAR WORKSHOP INCLUDING AEOI AND AMERICAN INDUSTRY REPRESENTATION.

9. OTHER THOUGHTS OF AEOI ON PLANTS YET TO BE CONTRACTED FOR INCLUDE THEIR DESIRE THAT VENDOR: (1) ENTER INTO LONG-TERM RELATIONSHIP TO LIMITED OFFICIAL USE

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ASSURE REAL TRANSFER OF TECHNOLOGY, AND (2) PROVIDE NATURAL URANIUM REQUIRED FOR FUEL. QUESTION OF SITING NUCLEAR POWER PLANTS NEAR IRANIAN MILITARY BASES ALONG SOUTH COAST HAS ARISEN, AND USDEL

POINTED OUT THAT JUXTAPOSITION MIGHT GO LONG WAY TO SOLVE PROBLEM OF PHYSICAL SECURITY. AEOI STATED THAT GOI IS REFERRING MATTER TO USAF FOR STUDY.

10. AEOI INDICATED IT IS GIVING TRAINING HIGH PRIORITY AND SEEKS MAJOR ASSISTANCE FROM US IN THIS FIELD. AEOI ALREADY HAS PLANS TO SEND 300 UNIVERSITY GRADUATES TO US FOR MASTERS DEGREES IN VARIOUS FIELDS OF NUCLEAR SCIENCE. IT REPORTS THAT MIT HAS ALREADY COMMITTED ITSELF TO ACCEPTING 40 OF THESE. IT REALIZES SOME TECHNICIANS CAN BE TRAINED IN PROGRAMS ARRANGED BY CONSULTANTS AND VENDORS BUT WOULD LIKE TO PLACE SOME QUALIFIED PEOPLE IN ERDA LABORATORIES FOR ON-THE-JOB EXPERIENCE. USDEL SUGGESTED AEOI DRAW UP LIST OF PEOPLE IT WOULD LIKE TRAINED IN VARIOUS FIELDS, AND ERDA WOULD ATTEMPT TO PLACE THEM APPROPRIATELY. WHEN AEOI EMPHASIZED THAT IT WANTED THESE PEOPLE INTEGRATED INTO ESTABLISHED R&D PROGRAMS FOR REAL EXPERIENCE, USDEL SUGGESTED THAT FIRST STEP SHOULD BE FOR AEOI TO SEND A SMALL TEAM TO ERDA TO TOUR FACILITIES AND LEARN AT FIRST HAND ABOUT TRAINING OPPORTUNITIES. IN ANY CASE, ALTHOUGH NO TUITION WOULD BE CHARGED, THE GOI WOULD BEAR THE COSTS OF SENDING AND MAINTAINING PERSONNEL IN THE US. USDEL OFFERED TO ESTABLISH WITHIN OES A CLEARINGHOUSE FOR INFORMATION CONCERNING NUCLEAR SCIENCE TRAINING IN US.

11. AEOI EXPRESSED ITS HOPE THAT US COULD ASSIST IT IN DEVELOPING ITS RESEARCH LABORATORIES. IT NOW HAS ONE LABORATORY WITH A 5 MWE RESEARCH REACTOR (FORMERLY THE TEHRAN UNIVERSITY NUCLEAR CENTER) AND A SEPARATE LABORATORY FOR APPLICATIONS OF RADIOACTIVE MATERIALS (DR. SEKHAVAT'S LABORATORY FORMERLY ASSOCIATED WITH ARYAMEHR TECHNICAL UNIVERSITY). USDEL SUGGESTED AEOI PURSUE POSSIBILITIES OF SISTER LABORATORY ARRANGEMENT WITH ERDA, PROCEDURES FOR ESTABLISHMENT OF WHICH HAD BEEN SET FORTH IN JULY 1974 LETTER FROM DR. RAY TO DR.

ISJ. ALTHOUGH ERDA HAS LIMITED FUNDS FOR FOREIGN TRAVEL, IT WOULD BE GLAD TO SEND ONE OR TWO EXPERTS TO IRAN FROM TIME TO TIME TO ASSIST WITH AEOI RESEARCH PROGRAMS.

12. RE AEOI DESIRE TO RECEIVE WHOLE RANGE OF USG PUBLICATIONS IN FIELDS OF NUCLEAR R&D AND NUCLEAR SAFETY AND REGULATION, USDEL SUGGESTED THAT: (1) A NUCLEAR CONSULTANT LIKE NUS CORP. COULD BE LIMITED OFFICIAL USE

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TASKED WITH REVIEW AND PROCUREMENT OF ERDA PUBLICATIONS DISPLAYED IN WASHINGTON READING ROOM, AND (2) AEOI MIGHT WISH TO SUBSCRIBE TO FEDERAL REGISTER TO KEEP ABREAST OF NEW PUBLICATIONS.

13. DISCUSSION OF US DRAFT FOR NEW AGREEMENT TO COOPERATE CONCERNING CIVIL USES OF ATOMIC ENERGY WAS INITIALLY POSTPONED BECAUSE AEOI STATED IT HAD NOT HAD ADQUATE TIME TO STUDY IT. AEOI LATER AGREED TO DRAFT IN PRINCIPLE AND STATED IT WOULD NOTIFY THE USG OF ANY COMMENTS IT MIGHT HAVE. BOTH PARTIES WILL SEEK TO RESOLVE ANY QUESTIONS PRIOR TO THE FORTHCOMING MEETING OF THE U.S.-IRAN JOINT

COMMISSION. AEOI COMMENTED THAT IT WAS CONCERNED FOR RADIATION SAFETY, NPT SAFEGUARDS, AND PHYSICAL SECURITY. USDEL STATED USG IS RECONSIDERING ITS OWN ARRANGEMENTS FOR PHYSICAL SECURITY WITH A VIEW TO STRENGTHENING THEM. PROCEDURES FOR THE SIGNING AND ENTRY INTO FORCE OF THE AGREEMENT WERE DISCUSSED.

14. AEOI STATED IT, LIKE ERDA, HAD MANDATE TO INVESTIGATE ALTERNATIVE SOURCES OF POWER, AND THAT IT WOULD LIKE THEREFORE TO BROADEN THE SCOPE OF THE COMMITTEE'S WORK. USDEL SUGGESTED IT WOULD BE APPROPRIATE TO PLACE THIS CONSIDERATION ON AGENDA OF NEXT MEETING. IT WAS AGREED THAT MEETINGS WOULD BE HELD ANNUALLY.

15. EMBASSY COMMENT: DISCUSSION WAS THROUGHOUT UNUSUALLY FRANK AND AMICABLE, WHICH ENGENDERED FEELING OF GREAT RAPPORT BY CLOSE OF MEETING. REPRESENTATIVES OF URANIUM ENRICHMENT ASSOCIATES (KOMES, O'DONNELL, & BRIDGES), WESTINGHOUSE (LESTER & BUTANI), AND GENERAL ELZPTRIC (BLUNDIN) TOOK PART IN SOME SOCIAL ACTIVITIES CONNECTED WITH MEETING AND RECEIVED FULL SUPPORT OF USDEL DURING DISCUSSIONS.

PUBLICITY CONCERNING MEETING TO BE WITHHELD UNTIL JOINT COMMISSION MEETS IN MARCH.

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